

Middlesex University Research Repository

An open access repository of

Middlesex University research

<http://eprints.mdx.ac.uk>

Bace, Edward ORCID logoORCID: <https://orcid.org/0000-0003-4452-0350> (2017) Corporate governance and performance of Saudi banks: 2010-2015. Proceedings of 1st International conference on Advanced Research (ICAR-2017). In: 1st International Conference on Advanced Research (ICAR-2017), 25-26 Jan 2017, The Domain Hotel, Manama, Kingdom of Bahrain. ISBN 9780995398016. [Conference or Workshop Item]

Published version (with publisher's formatting)

This version is available at: <https://eprints.mdx.ac.uk/22843/>

Copyright:

Middlesex University Research Repository makes the University's research available electronically.

Copyright and moral rights to this work are retained by the author and/or other copyright owners unless otherwise stated. The work is supplied on the understanding that any use for commercial gain is strictly forbidden. A copy may be downloaded for personal, non-commercial, research or study without prior permission and without charge.

Works, including theses and research projects, may not be reproduced in any format or medium, or extensive quotations taken from them, or their content changed in any way, without first obtaining permission in writing from the copyright holder(s). They may not be sold or exploited commercially in any format or medium without the prior written permission of the copyright holder(s).

Full bibliographic details must be given when referring to, or quoting from full items including the author's name, the title of the work, publication details where relevant (place, publisher, date), pagination, and for theses or dissertations the awarding institution, the degree type awarded, and the date of the award.

If you believe that any material held in the repository infringes copyright law, please contact the Repository Team at Middlesex University via the following email address:

eprints@mdx.ac.uk

The item will be removed from the repository while any claim is being investigated.

See also repository copyright: re-use policy: <http://eprints.mdx.ac.uk/policies.html#copy>

CORPORATE GOVERNANCE AND PERFORMANCE OF SAUDI BANKS: 2010-2015

Edward Bace
Middlesex University, UK.
Email: e.bace@mdx.ac.uk

Abstract

Bank corporate governance is a critical component of financial system stability, given the importance of banks in the economy. Due to the weaknesses and failures in operation of many commercial banks in the crisis period starting 2008, corporate governance and risk management have become extremely important issues in developed countries as well as developing countries where the finance industry is still evolving. This paper examines the effect of corporate governance on performance of Saudi Arabian banks over the period 2010-2015. This empirical study, building on prior research, investigates the relationship between bank performance represented by return on equity (ROE), and corporate governance factors as represented by board size, number of board committees and ratio of independent directors to total. The model suggests that the number of board members is positively linked with Saudi bank profitability over this time frame. However, the opposite relation is observed for independent directors and number of committee, which may be explained in part by data constraints. In any case, this has implications for Saudi bank governance, sustainability and stability, particularly in an economy that is diversifying more towards financial and other services. The general conclusion is that while the Saudi system is sound, banks need to continue to build governance and technical skills to enhance an effective and efficient system for the board, the managers and the committees that oversee improved performance.

Keywords: Bank Corporate Governance, Risk Management, Saudi Arabian Banks.
